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RUEHIL/AMEMBASSY ISLAMABAD PRIORITY 5379
RUEHLO/AMEMBASSY LONDON PRIORITY 6511
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RUEHCI/AMCONSUL KOLKATA PRIORITY 4648
RUCPDO/DEPT OF COMMERCE WASHINGTON DC PRIORITY
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C O N F I D E N T I A L SECTION 01 OF 02 KATHMANDU 000549

SENSITIVE
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SUBJECT: FOREIGN MINISTER VALUES CONTINUED U.S. ENGAGEMENT
IN NEPAL

REF: A. KATHMANDU 535
[1](#)B. KATHMANDU 523
[1](#)C. KATHMANDU 528

Classified By: Classified By: Ambassador Nancy J. Powell. Reasons 1.4
(b/d).

Summary

[1](#)1. (C) On June 12, Foreign Minister Sujata Koirala (Nepali Congress) acknowledged to Assistant Secretary Robert Blake that the Maoists were unlikely to join the current government. However, she was optimistic that at least a few of the Maoists would participate in a High Level Peace Committee. Koirala confirmed she expected the Nepali Government to request another extension of the UN Mission in Nepal's mandate. She was pessimistic that a new constitution would be drafted by the May 2010 deadline, and thought another year would be necessary. The Foreign Minister thanked the U.S. for its continued assistance to Nepal and inquired about the possibility of Peace Corps returning. Both Koirala and Foreign Secretary Gyan Chandra Acharya, with whom A/S Blake also met separately, appealed for improved duty-free access for Nepali goods, and for more investment from the U.S. Assistant Secretary Blake urged progress on the peace process and affirmed that U.S. support for Nepal would continue.

Maoist Participation in Coalition Unlikely

[1](#)2. (C) Foreign Minister Sujata Koirala admitted to visiting Assistant Secretary of State for South and Central Asia Robert Blake on June 12 that few Maoists were interested in joining the current Communist Party of Nepal - United Marxist Leninist (UML)-led government. She thought, however, that some Maoists might be prepared to participate in a High-Level Peace Committee, if it were stood up. (Note: This committee is mandated by the 2006 Comprehensive Peace Accord, but does not yet exist.) Koirala, who is the only child of Nepali Congress President and former Prime Minister G.P. Koirala, noted that it would take time to democratize the Maoists, but the NC and the government have no option but to be patient. A/S Blake agreed about the importance of keeping the Maoists in the peace process and emphasized the importance of that

process moving forward under the new government.

UNMIN Mandate Renewal

13. (C) Koirala confirmed she expected the Government of Nepal (GON) to request another extension of the UN Mission in Nepal's (UNMIN's) mandate. She said she would meet June 13 to discuss possible duties and timelines with Tamrat Samuel, former Deputy Special Representative at UNMIN and current Director of the Asia and Pacific Division at the UN's Department of Political Affairs. (Samuel indicated in a June 13 meeting with A/S Blake that the GON was supportive. See Ref A). The Foreign Minister stated that the GON would work with the Technical Committee on the Supervision, Rehabilitation, and Integration of Maoist Combatants and UNMIN to address specific integration and rehabilitation issues. Post has reported Koirala's comments on the extension for the Office of the High Commissioner for Human Rights and on refugee issues in Refs B and C.

Some Delay in Constitution Drafting Likely

14. (C) Due to the complexity of state restructuring, heightened expectations of varied ethnic groups, and weakness of the government, Koirala was pessimistic that a new constitution would be drafted by the May 2010 deadline. She was hopeful, however, that with a one-year extension it could be done. (Comment: The Foreign Minister spoke as if the

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Interim Constitution permits a one-year extension, but the extension is limited to six months -- if a national emergency prevents the Constituent Assembly from drafting the constitution within the two-year time frame.)

Thank You for U.S. Support

15. (SBU) Foreign Minister Koirala opened the meeting with A/S Blake by thanking him for past U.S. support to Nepal, and requesting continued support and assistance as Nepal continued to face wide-ranging political and economic challenges. In response to her inquiry about the possibility of restarting the Peace Corps, A/S Blake noted it was under consideration, but that security issues are still a concern. Koirala and Foreign Secretary Gyan Chandra Acharya expressed their appreciation for U.S. Government efforts to support constitution drafting, and singled out the National Democratic Institute's Women's Leadership Academy for special thanks. Minister Koirala issued an invitation to Secretary Clinton to visit Nepal. In their separate meeting, Foreign Secretary Acharya said he did not know whether Minister Koirala intended to proceed with Sukhdev Shah's nomination as Ambassador-designate to the United States. Blake affirmed that U.S. support to Nepal would continue.

Trade/Economic Concerns

16. (SBU) Koirala and the Foreign Secretary requested support for improving duty-free access for Nepali goods to the United States, especially garments and carpets. Noting that Nepal's trade with the U.S. had decreased significantly more than that of other least developed countries, both noted that an elimination of tariffs would improve Nepal's competitive position. A/S Blake noted the difficulty of passing a trade-preference bill during a recession. Acharya pointed out that socially inclusive economic development was critical to a sustainable peace. He appealed for more U.S. investment, particularly in the hydropower sector.

Comment

17. (C) When she met with Assistant Secretary Blake on June 12, Foreign Minister Koirala had been in office for a little more than a week, and it was evident that she was still learning the issues. There continue to be tensions within the Nepali Congress over her appointment by her father to head the NC's ministerial delegation in the UML-led government. According to Embassy sources, those concerns also factored in to Ram Chandra Poudel's surprising second-round victory over the NC's deputy leader and former Prime Minister Sher Bahadur Deuba in the NC's June 20 parliamentary leadership election. NC Members of Parliament are tired of being dictated to by G.P. Koirala and resented Deuba's endorsement of Sujata's appointment as Foreign Minister. The new Foreign Minister is no stranger to controversy, to post or to the U.S. Government more broadly. We expect she will continue her father's and party's generally pro-U.S. positions. How long she and this coalition will remain in office is a completely separate question.

18. (U) Assistant Secretary Blake cleared this message.
POWELL